Proposed 2016 MFA Legislative Agenda

Appropriation Requests

1. **Regional Housing Oversight** **$300,000—Recurring**
   In 2006, MFA was mandated by the state to restructure and oversee the Regional Housing Authorities. However, as a governmental instrumentality, MFA receives no operating funds from the state. MFA is requesting recurring funding for oversight and to ensure that New Mexico's three Regional Housing Authorities have the support and training necessary to operate efficiently and to create affordable housing in rural and unserved areas. In the past, MFA has requested that this mandate be transferred to DFA if recurring funding for MFA is not approved.

2. **Affordable Housing Act Oversight** **$250,000—Recurring**
   MFA is mandated by the state to oversee the Affordable Housing Act, which permits state and local governments to contribute public funds, buildings and other resources for affordable housing. However, as a governmental instrumentality, MFA receives no operating funds from the state. MFA is requesting recurring funding for MFA oversight of the Affordable Housing Act and to provide technical assistance to local communities for development and implementation of affordable housing plans and ordinances. In the past, MFA has requested that this mandate be transferred to DFA if recurring funding for MFA is not approved.

3. **New Mexico Housing Trust Fund** **$5 million**
   The Housing Trust Fund was created by the State Legislature in 2005 with an initial appropriation of $10 million and additional appropriations of $8.7 million since that time. For every dollar appropriated, at least $14 additional dollars are leveraged to finance affordable housing. A $5 million appropriation will leverage $70 million to build more than 500 quality affordable homes for low-income New Mexicans.

4. **Low-Income Residential Energy Conservation** **$1 million—Recurring**
   MFA's NM Energy $mart program weatherizes the homes of approximately 1,000 low—income families each year. State funding is leveraged five to one with two federal programs. Based on income eligibility, more than 300,000 New Mexican households are eligible for weatherization services. A $1 million appropriation will provide weatherization for approximately 200 additional homes statewide, creating jobs and saving low-income families hundreds of dollars on energy bills each year.

5. **Down Payment Assistance** **$1.65 million**
   Through a network of lenders, MFA provides low-interest mortgage loans to first-time homebuyers and non-first time homebuyers who work in critical occupations. Along with each home purchase, MFA offers an average of $5,500 in down payment assistance (DPA). Ninety to 95 percent of all MFA borrowers utilize DPA. In many cases, lack of a down payment is what keeps otherwise creditworthy households from purchasing a home. As the economic climate improves, MFA needs additional capital for DPA to keep pace with the uptick in mortgage loans, estimated at 300 additional loans per year.

2015 Mortgage Finance Authority Act Oversight Committee Endorsed Legislation

Bill number	Description of Bill	Sponsor	Disposition
SB 62	Affordable Housing Tax Credit Act: local government not eligible	Rue	Passed and signed by Governor
SB 61	Affordable Housing Act: Cleanup	Rue	Passed and signed by Governor
SB 50	Regional Housing Authorities (RHA) oversight: request $250,000 appropriation	Papen	$200,000 appropriated and approved by Governor in
SB 250	Affordable Housing Act oversight: request $250,000 appropriation	Ingle	$250,000 appropriated and approved by Governor
SB 87	New Mexico Housing Trust Fund: request $5,000,000 appropriation	Rodriguez	
SB 110	Low-income residential energy conservation: request $1,000,000 appropriation	Martinez, R.C.	
HB 248	Low-income emergency home repair: request $2,000,000 appropriation	Varela	
SB 49	Transfer of oversight for RHA from MFA to DFA	Papen	
SB 109	Rehabilitate homes occupied by low-income honorably discharged veterans: request $2,000,000 appropriation (also endorsed by Military and Veterans' Affairs Committee)	Martinez	
Not intro-duced	Transfer of oversight for Affordable Housing Act from MFA to DFA		

HOUSING NEW MEXICO

MFA

40 YEARS

1975 ★ 2015

2015 Legislative Agenda

New Mexico Mortgage Finance Authority

DOWNTOWN @ 700 2ND

SB109 MFA Veteran Home Rehabilitation

$2 Million

Sponsor: Sen. Richard Martinez

A $2 million appropriation will fund rehabilitation of approximately 100 homes for honorably discharged, low-income veterans.

- According to the New Mexico Department of Veterans' Services, there are 170,699 veterans in New Mexico, 71 percent of who are over 50 years old.
- **More than 11 percent of New Mexico veterans live in poverty; an equivalent percentage are disabled.**
- Rehabilitation work funded by this appropriation will include health and safety repairs, modifications for physically impaired persons, repairs to address structural damage, and appliance replacement.

Kip and Kathy Vaughn live with their three grandchildren in Arbolera de Vida, an affordable housing community at the Sawmill Community Land Trust in Albuquerque.

HB248 Low-Income Home Repairs

$2 Million Sponsor: Rep. Luciano "Lucky" Varela

A $2 million appropriation will fund emergency home repairs for approximately 250 low-income New Mexico families.

- Low-income homeowners affected by unexpected life events or who experience natural disasters often lack personal savings and insurance coverage needed to pay for critical home repairs. There is currently no permanent state funding source to address these needs.
- New Mexico's housing stock is relatively old: almost 50 percent of the state's housing units were built before 1980, with only 18 percent built in or after 2000. **New Mexico has one of the highest rates of substandard housing–homes lacking complete plumbing or kitchen facilities–in the nation.**
- Repairs funded with this appropriation will include health and safety repairs, accessibility modifications for physically impaired persons, roof replacement, repairs to the building's envelope and interior walls as well as emergency repairs necessitated by natural disasters.
- When possible, the appropriation will be leveraged with existing MFA housing programs to address major rehabilitation or weatherization needs.

SB50 Regional Housing Authorities

Sponsor: Sen. Mary Kay Papen

A $250,000 appropriation will ensure that New Mexico's three Regional Housing Authorities have the support, training and oversight necessary to operate efficiently and create affordable housing in rural and unserved areas of the state.

- In 2009 MFA was mandated by the state to restructure and oversee the state's regional housing authorities. MFA consolidated the seven regional authorities into three and began providing training, technical assistance and auditing on a consistent basis. **There has been no fraud, waste or abuse within the Regional Housing Authorities since MFA began its oversight function.**
- Regional housing authorities are the primary housing service providers in rural areas. They will become increasingly important as smaller local authorities close due to budget cuts.
- A self-supporting entity, MFA is requesting that funding for oversight of the regional housing authorities be recurring. If funding is not approved, MFA will propose amending the Act so that these responsibilities **are transferred to the Department of Finance and Administration**, which receives annual operating funds from the state.

SB61 Affordable Housing Act Changes

Sponsor: Sen. Sander Rue

Two changes to the Affordable Housing Act will help preserve affordable housing and allow the provisions of the Act to be enforced.

The Affordable Housing Act permits state and local governments to contribute public funds, buildings or other resources to create or preserve affordable housing. In the 11 years since the Act was signed into law, two issues have emerged that this bill would resolve:

- **The long-term affordability requirement mandated by the current Act makes it difficult to resell a foreclosed property and recoup public resources invested in the property.** By providing an exception to the long-term affordability requirement in the event of foreclosure, state and local governments can sell a foreclosed property at a fair market value in a timely manner. The proceeds from any such sale must be used for purposes of the Affordable Housing Act, such as reinvestment in other affordable housing projects.
- **The current Act allows the attorney general to investigate alleged violations of the Affordable Housing Act, but contains no penalties.** This bill enables the attorney general to bring civil actions, charge civil penalties and pursue criminal charges as appropriate for violations of the Act. .

SB87 New Mexico Housing Trust Fund

$5 Million Sponsor: Sen. Nancy Rodriguez

A $5 million appropriation will leverage approximately $70 million to build more than 500 quality affordable homes for low-income New Mexicans.

- The Housing Trust Fund was created in 2005 by the State Legislature with an initial appropriation of $10 million. Since 2005, the state has appropriated an additional $8.7 million.
- **For every dollar appropriated to the Housing Trust Fund, an additional $17 has been leveraged.** To date, nearly $320 million has been leveraged from other funding sources, and $16.8 million has been earned from loan repayments and interest income.
- More than 2,100 homes have been constructed or rehabilitated in New Mexico using $18.7 million in state funding.

SB110 Residential Energy Conservation Programs

$1 Million

Sponsor: Sen. Richard C. Martinez

A $1 million appropriation will provide weatherization services for approximately 200 more homes than would otherwise be possible, create jobs and save low-income families hundreds of dollars each year on energy bills.

- **Low-income homeowners may spend up to 17 percent of their monthly budgets on utility costs**, compared to about 4 percent for homeowners with higher incomes.
- MFA's NM Energy$mart program weatherizes the homes of approximately 1,000 low-income families each year with funding from two federal programs. Federal funding alone limits MFA to serving only a fraction of the low-income New Mexico residents eligible for the program.
- While the state has allocated resources for NM Energy$mart in the past, it has not reinstated funding since the American Recovery and Reinvestment Act funding was expended. State funding will allow more homes to be weatherized and **will be leveraged five to one with existing federal funding sources.**
- An estimated 85,000 New Mexico residents are eligible for weatherization services through MFA's NM Energy$mart program. Many families are in desperate need of the services, living in homes with inadequate heat, leaky or missing windows and unsafe conditions.

SB250 Affordable Housing Act Oversight Duties

$250,000 Sponsor: Sen. Stuart Ingle

A $250,000 appropriation will fund oversight of the Affordable Housing Act and technical assistance to local communities.

- The Affordable Housing Act permits state and local governments to contribute public funds, buildings or other resources to create or preserve affordable housing.
- The Affordable Housing Act was signed into law in 2004. MFA was charged with adopting rules to oversee the Act. In addition to oversight, MFA provides technical assistance for housing plans and ordinances as required by the Act.
- **MFA has received no funds to carry out its oversight responsibilities or for the technical assistance it provides.**
- A self-supporting entity, MFA is requesting that funding for oversight of the Affordable Housing Act be recurring. If funding is not approved, MFA will propose amending the Regional Housing Act so that these responsibilities **are transferred to the Department of Finance and Administration**, which receives annual operating funds from the state.

SB62 Affordable Housing Act Definitions

Sponsor: Sen. Sander Rue

An amendment to the Affordable Housing Tax Credit Act will clarify eligibility for state affordable housing tax credits and resolve inconsistencies with the Affordable Housing Act.

- The intent of the Affordable Housing Tax Credit Act of 2005 was to encourage investment in affordable housing by issuing tax credits in exchange for donations of land, buildings, materials, services or cash for affordable housing.
- Local governments currently make affordable housing contributions under the state Affordable Housing Act. Because these contributions are inherently revocable and cannot be considered donations for the purpose of obtaining state tax credits, **local governments should not be eligible for affordable housing tax credits.** Local governments should not receive state tax credits for contributions such as local government-owned land and infrastructure, local government services, local government grants or loans or for federal or private funds received by a local government.
- This amendment clarifies that local governments are not eligible for state tax credits while preserving eligibility for intended recipients — individuals, private entities and non-profits — that make contributions to affordable housing.

40 YEARS

HOUSING NEW MEXICO

49,207

Families have become homeowners using MFA's low interest rate loans

10,904

Families have received assistance with down payment and closing costs

17,048

Affordable housing units have been built or preserved

75,180

Households have received rental assistance

169,434

Individuals experiencing homelessness have received emergency shelter and assistance

27,903

Homes have been rehabilitated or have received energy efficiency upgrades

Current assets under management: $2.5 billion.

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